The Office of Intergovernmental Affairs

Annual Accountability Report For The Fiscal Year 2002-2003

September 22, 2003

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1.0 Accountability Statement

The accountability report of Nova Scotia Office of Intergovernmental Affairs ending March 31, 2003, is prepared pursuant to the Provincial Finance Act and government policy and guidelines. These authorities require the reporting of outcomes against Intergovernmental Affairs' business plan information for the fiscal year 2002-03. The reporting of outcomes necessarily includes estimates, judgments and opinions by Intergovernmental Affairs management.

We acknowledge that this accountability report is the responsibility of Intergovernmental Affairs management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Office's business plan for the year.

Minister

Deputy Minister of the Office of Intergovernmental Affairs

2.0 Message from the Minister

Intergovernmental Affairs

I am pleased to provide this report on the Office of Intergovernmental Affairs' achievements for the fiscal year 2002 - 2003. The highlight of this year's intergovernmental calendar for Nova Scotia was the Annual Premiers' Conference held in Halifax from July 31 through August 2. Chairing this meeting provided an opportunity to introduce the Premiers of all the other Provinces and Territories to Nova Scotia's culture and hospitality, as well as to our concerns in the matters of health care, fiscal arrangements, climate change and trade.

The issue of health care funding was followed up vigorously in two subsequent Premiers' meetings, and led to the First Ministers' Meeting in Ottawa on February 4-5, 2003. At this meeting, the Prime Minister agreed to address a long-standing concern of the Premiers, and removed the ceiling on the Equalization program. The federal government also undertook to provide substantial new funding for health care, but unfortunately less than the Romanow Commission and Provinces and Territories had identified as necessary for a sustainable health care system for Canadians. The issue remains a top priority for Nova Scotia and for the other Provinces and Territories.

During this fiscal period Intergovernmental Affairs played a leading role, working with other departments and agencies, in focusing the Campaign for Fairness on a comprehensive review of the Canada-Nova Scotia Offshore Petroleum Accord, and pressing for implementation of the Crown Shares Adjustment provisions. Another major initiative related to the Accord and its implementing act where Intergovernmental Affairs is playing a key role is the drafting of occupational health and safety legislation to govern the offshore. This is a complex negotiation, involving at least four federal departments and the governments of Nova Scotia and Newfoundland and Labrador.

In Atlantic Canada, Intergovernmental Affairs worked with line departments, Atlantic colleagues and the Council of Atlantic Premiers (CAP) Secretariat to fulfil the recommendations of *Working Together for Atlantic Canada: An Action Plan for Regional Cooperation*. Atlantic Premiers reported on progress over the first year of the Action Plan at our meeting on November 22, 2002 in Fredericton, NB. Notable progress was achieved on literacy projects focusing on young children; an agreement fostering greater sharing of resources amongst the regions community colleges; establishment of a common drug review process that reduces duplication and produces consistent high quality reviews; ongoing harmonization of trucking regulation; and the development of a strategy for the deployment of intelligent transportation system technologies

The meeting of the New England Governors and Eastern Canadian Premiers (NEG/ECP) in Quebec City on August 25-27, 2002, yielded significant resolutions on Canada-United States trade, security and border management , energy, agriculture, the environment and climate change. The meeting's recognition of the importance of transportation in the development of the region prompted intensive work by the NEG/ECP Standing Committee on Trade and Globalization, co-chaired by Nova Scotia.

In continuing to assist the Department of Energy on climate change, Intergovernmental Affairs acted as the Provincial co-chair for the F/P/T Task Group on criteria for an equitable sharing of the economic costs that could attend action to address this issue. The Office also coordinated interdepartmental input for Nova Scotia's third annual report on compliance with the labour mobility provisions of the Agreement on Internal Trade and actively contributed to the completion of the third-year review of the Social Union Framework Agreement.

Intergovernmental Affairs

With the addition of the Trade Policy Unit and the Protocol Office, and the strengthening of capacity in intergovernmental economic policy and legal relations, Intergovernmental Affairs has been able to cover and seek to coordinate an expanded range of policy issues and initiatives, and to provide increased assistance and advice to line departments.

On transborder issues, the Trade Policy Unit has assumed a leadership role in the softwood lumber and shipbuilding files, by providing strategic advice within government and by collaborating closely with the key private sector associations. The Office has likewise been vigilant in maintaining contact with the Federal Department of Foreign Affairs and International Trade to apprise Ottawa of Nova Scotia's concerns on joint Canada-United States security measures and to ensure that the border is closed to terrorists but open for trade.

Intergovernmental Affairs was successful in realizing its objectives through a wide variety of operational activities. These activities ranged from the preparation of briefing material and advising the Premier for intergovernmental meetings, through interjurisdictional liaison, information gathering, and negotiation, to strategic assessments of new Federal policy initiatives. In carrying out these functions Intergovernmental Affairs helped to ensure that Nova Scotia's position on key issues was presented in a consistent and effective manner.

3.0 Introduction

This report sets out the achievements and progress made by Intergovernmental Affairs in fulfilling its goals and realizing its projected outcomes for the fiscal period April 1, 2002 to March 31, 2003. It is intended to inform both government and the public not only of our accomplishments but also of those areas where further work may be required to achieve a successful outcome.

During this fiscal year Intergovernmental Affairs worked on a number of major issues , notably the review of the Canada-Nova Scotia Offshore Petroleum Accord of 1986, enhanced regional cooperation, the softwood lumber dispute, pre-clearance at Halifax airport for U.S.-bound flights and climate change. In each of these areas the specific role of Intergovernmental Affairs varied depending upon the issue, but fulfilled the Office's mandate to coordinate Nova Scotia's intergovernmental positions and relations.

Following on from the Campaign for Fairness, the Canada-Nova Scotia Offshore Accord Review began in the summer of 2002. Intergovernmental Affairs has played a leading role from the start, in developing terms of reference for the joint review of the Accord and the provisions relating to Crown Share Adjustment payments, and in forming and chairing the interdepartmental team engaged in developing Nova Scotia's positions and negotiating strategy.

With respect to regional cooperation, the Atlantic Canada Action Plan for Regional Cooperation required that the Office carry out an interdepartmental coordinating function to ensure agreement on issues and approaches. Intergovernmental Affairs also engaged in intergovernmental negotiations to arrive at initiatives that all four Atlantic Provinces could agree on.

The Office's role with regard to softwood lumber and pre-clearance focused largely on helping to develop the Province's negotiating stance and identifying appropriate venues for the Premier and senior government officials to advance Nova Scotia's position.

In the area of climate change, the Office led development of a new Provincial/Territorial cost-sharing arrangement with the Federal government for climate change projects and co-chaired the Federal/Provincial task group to examine criteria for the equal sharing of climate change costs.

Intergovernmental Affairs was responsible for the planning and organization of the Annual Premiers' Conference, chaired by Premier Hamm in Halifax from July 31 through August 2, 2002.This Conference resulted in communiqués on health care financing, fiscal arrangements, trade with the United States, climate change, and intergovernmental relationships. The Office was also involved in the planning of the Premiers' meetings on Health held in Toronto on January 23, 2003 and in Ottawa on February 4, 2003. These meetings led to the First Ministers' Meeting on Health in Ottawa on February 4-5, 2003. During this meeting, the Prime Minister agreed to remove the ceiling on the Equalization program, a long-standing concern of Provinces and Territories, and announced substantial, but still insufficient, increases in Federal funding of health care.

Intergovernmental Affairs

Atlantic Premiers met once in 2002, on November 22 in Fredericton, New Brunswick, where again the key issue was health care, and the New England Governors and Eastern Canadian Premiers (NEG/ECP) met in Quebec City on August 25-27, 2002.

For all these meetings, and for bilateral meetings with key Federal Ministers, Intergovernmental Affairs provided briefings and strategic advice to the Premier.

In order to facilitate a comparison of what we expected and what was achieved, our business plan goals for the 2002 - 2003 fiscal year are identified. Achievements by the Office of Intergovernmental Affairs during the period are directly tied to the priority action items identified in the business plan as necessary to realize these goals. Notwithstanding the inclusion of the Office's stated objectives for this period, it is recommended that this report be read in conjunction with our 2002 - 2003 Business Plan.

4.0 Progress and Accomplishments

4.1 Fiscal Year 2002 - 2003 Business Plan Goals

1. Coordinate the overall intergovernmental strategy of the Nova Scotia government to ensure a corporate approach to other governments.
2. Ensure fairness to Nova Scotia in negotiations with the government of Canada and other governments.
3. Build on regional alliances to promote issues of fairness for Nova Scotians and Atlantic Canadians, and to promote regional programs and services which benefit citizens.
4. Expand Nova Scotia's international linkages to support and promote Nova Scotia's interests abroad.
5. Increase awareness and understanding both within the Nova Scotia government and in other governments, of this Province's position relative to key intergovernmental issues.

4.2 Achievements

Progress in carrying out the priority action items under each of the five goals set out in our 2002 - 2003 Business Plan is as follows:

1. Coordinate the overall intergovernmental strategy of the Nova Scotia government to ensure a corporate approach to other governments.

Gather intelligence and develop central agency expertise by monitoring Federal and other Provincial developments to ensure that Nova Scotia can act in a proactive fashion.

Intergovernmental Affairs maintained linkages with the Federal Government and with other Provinces and Territories in order to track positions and policy developments in such diverse areas as: health care financing, Federal/Provincial fiscal arrangements, trade, the social union, Acadian Affairs, the Federal urban agenda, climate change, labour market development, and constitutional matters, and conveyed this information to appropriate Nova Scotian Departments. With the transfer of the Trade Policy Unit from Economic Development to Intergovernmental Affairs in November 2002, IGA assumed leadership on the softwood lumber dispute and national shipbuilding policy files, while collaborating closely with affected government departments on these and a range of trade issues.

Develop Nova Scotia's position on Canadian governance issues, national unity and Constitutional matters and advance these positions with the Federal, Provincial and Territorial Governments.

Intergovernmental Affairs

The Final Report of the Prime Minister's Caucus Task Force on Urban Issues was released in November 2002. Intergovernmental Affairs worked with Service Nova Scotia and Municipal Relations to draft a response to the Liberal Task Force's recommendation and initiated an examination and assessment of Federal urban policies and programs. Intergovernmental Affairs also provided advice to departments on national unity and constitutional developments as requested throughout the year.

Provide strategic policy advice and support to the Premier as he advances Nova Scotia's priority agenda at First Ministers' Meetings, Annual Premiers' Conferences and other key intergovernmental meetings.

Intergovernmental Affairs coordinated the preparation of briefing notes and other required background material and advice for intergovernmental meetings at the First Ministers' level, and provided strategic advice both before and during the meetings. Intergovernmental Affairs ensured the Premier, as chair of the Conference, was well briefed on all issues for the Annual Premiers' Conference in 2002. The Conference considered issues of relevance to Nova Scotia such as health care financing, the fiscal imbalance, fiscal arrangements, trade with the United States, climate change and the need for more regular First Ministers' Meetings.

The Office similarly briefed and advised the Ministers designated by Premier Hamm to represent Nova Scotia at the Premiers' meetings in Toronto (January 23, 2003) and Ottawa (February 4, 2003) and the First Ministers' Meeting on Health in Ottawa (February 4-5, 2003).

Intergovernmental Affairs also briefed the Premier for bilateral meetings with the Deputy Prime Minister and the Federal Ministers responsible for Natural Resources, Fisheries and Oceans, Industry, Intergovernmental Affairs and the Atlantic Canada Opportunities Agency.

The Premier was continuously briefed, in particular, on the lumber dispute and updates and advice were provided on other issues raised at intergovernmental meetings such as shipbuilding /EFTA and US trade barriers.

Through consultation with line departments, promote the identification of intergovernmental priorities and of opportunities for Federal-Provincial and interprovincial cooperation.

The Office worked with Energy and Finance to identify the Province's concerns related to the Canada-Nova Scotia Offshore Petroleum Accord. Close cooperation with Service Nova Scotia and Municipal Relations and with Transportation and Public Works ensured that Intergovernmental Affairs could help advance Nova Scotia's interests with respect to the Canada Strategic Infrastructure Fund.

The Office worked with Energy, Agriculture & Fisheries, Environment & Labour and Natural Resources to enable a provincial funding initiative for the protection of Sable Island. Intergovernmental Affairs served as a contact point for federal departments beginning joint study

of Sable Island preservation arrangements. The Office accepted a coordination role at the request of line departments to provide a contact point for federal and community interests and a consistent message about Nova Scotia's stake in the island.

Intergovernmental Affairs worked closely with Transportation and Public Works, Tourism and Culture and the Office of Economic Development in advancing the position of the Halifax International Airport (HIA) for the establishment of U.S. preclearance at HIA. The Office used every opportunity to promote HIA's business case.

Build strategic alliances on Federal/Provincial issues with other Provinces and Territories so as to develop common positions that Premiers and Ministers can advance to Ottawa.

The Annual Premiers' Conference of 2002 and the Premiers' meetings in January and February 2003 cemented the Provincial/Territorial positions on health care financing and reform of fiscal arrangements which were brought to the First Ministers' Meeting of February 2003.

Intergovernmental Affairs led the development of a call by Atlantic Premiers for the federal government to collaborate with Provinces and Territories on climate change. This was based on the 12 principles set out by the Provinces and Territories on October 28, 2002, at the Council of Atlantic Premiers meeting held on November 22, 2002. Intergovernmental Affairs also worked to achieve a statement of continued support for the Nova Scotia position that equalization of climate change costs needed to be accomplished at the Provincial/Territorial level and not on a regional basis.

Similarly, before Deputy Prime Minister Manley met with Homeland Security Secretary Ridge on April 7, 2003, Intergovernmental Affairs led the joint effort by the Atlantic Provinces that resulted in a letter from the four Atlantic Premiers to Mr Manley expressing the region's concerns regarding trade restrictive aspects of the draft regulations for the US *Bioterrorism Act of 2002*.

On key trade issues such as softwood lumber, shipbuilding, fish market access, and economic policy tools (e. g., subsidies, procurement, industrial benefits) , the Trade Representative has worked in concert with other Atlantic representatives to maintain or enhance regional positions and strategies. The united position of the region (ministers, officials & industry) on the recurring Canada-US lumber dispute has been the product of political commitment, constant dialogue, and shared information and strategies.

Ensure the implementation of the Framework Agreement on the Social Union addresses Nova Scotia's concerns and needs through participation in intergovernmental and interdepartmental committees.

Intergovernmental Affairs worked collaboratively with the Federal government and Provinces and Territories to complete the government assessment of progress achieved under SUFA for the third consecutive year in a review of the Social Union framework Agreement. Intergovernmental Affairs also prepared the annual report on Provincial Compliance with the labour mobility pressures of the Agreement on Internal Trade.

2. Ensure fairness to Nova Scotia in negotiations with the government of Canada and other governments.

Take full advantage of the opportunities provided by Nova Scotia's position as chair of the Annual Premiers' Conference (APC), 2002-03, to ensure that Nova Scotia's concerns and interests are known and considered in the development of the agenda of the Conference, and in the follow-up work with the other Provinces and Territories that implements the Premiers, decisions.

The agenda of the Annual Premiers' Conference focused on the financing of health care, fiscal arrangements and promotion of trade with the United States, three concerns immediately relevant to Nova Scotia. As a result of continued Provincial and Territorial pressure, the Prime Minister eliminated the ceiling on the Equalization program at the First Ministers' Meeting in Ottawa on February 5, 2003.

Provide operational and strategic policy support for negotiations with other Federal-Provincial-Territorial governments.

With the transfer of the Trade Policy Unit from Economic Development to Intergovernmental Affairs in November 2002, IGA assumed responsibility in directly advising the Minister of Economic Development in trade-related issues.

Intergovernmental Affairs worked with Environment & Labour and Energy to advance preparation, with the Federal government and Newfoundland, of a reform package addressing occupational health and safety in the Offshore Petroleum Accord area.

In close collaboration with the Department of Finance, seek to achieve changes in existing Federal-Provincial fiscal arrangements to attain fairness for Nova Scotians by coordinating negotiations with the Federal government at the First Ministers level on Equalization, and other fiscal arrangements.

On a bilateral basis, and through the Council of Maritime Premiers and Annual Premiers' Conference, Intergovernmental Affairs has worked cooperatively with the Department of Finance and other provincial government agencies to reinforce Nova Scotia's positions with respect to fiscal and offshore royalty arrangements. This work resulted in the Prime Minister eliminating the ceiling on the Equalization program at the First Ministers' Meeting in Ottawa on February 5, 2003.

Co-ordinate the development of this Province's intergovernmental and negotiating positions in such key areas as Climate Change, the social union and improved Federal support for post-

secondary education, health, trade policy, and national economic development initiatives

Intergovernmental Affairs continued to work closely with Education and Economic Development on labour market matters and worked to ensure that issues such as the need for a renegotiated Labour Market Agreement and Federal-Provincial cooperation on skills development were included in discussions between the Premier and the Federal Minister for Intergovernmental Affairs. In addition, the Office assisted in developing and implementing a workshop to define Provincial and Territorial shared positions and interests on climate change, in preparation for F/P/T discussions on the Federal government's climate change plan released in the fall of 02.

Work closely with Provincial departments engaged in negotiations on key Nova Scotia government priorities, such as fiscal arrangements, transportation infrastructure, health, security and skills and Labour Market issues.

Intergovernmental Affairs worked with Nova Scotia departments and other Provinces and Territories to place fiscal arrangements and health care on the agenda for the 43rd Annual Premiers' Conference in Halifax. The final communiqués and statements reflected Nova Scotia's concerns in these areas. The Office worked with Service Nova Scotia and Municipal Relations and with Transportation and Public Works in negotiating with the Federal government to ensure that the Canada Strategic Infrastructure Fund was targeted towards transportation infrastructure and the Halifax Harbour Clean-Up. The Office continued work started in the previous fiscal year with Finance, Energy and Environment and Labour to complete an assessment of the economic impacts that would attend Canada's ratification of the Kyoto Protocol.

3. Build regional alliances to promote issues of fairness for Nova Scotians and Atlantic Canadians, and to promote regional programs and services which benefit citizens

Identify areas where a united Atlantic position towards Ottawa can yield policy and material benefits and work with Atlantic officials to develop this position for Premiers' approval.

On a bilateral basis and through the Council of Atlantic Premiers (CAP), Intergovernmental Affairs worked with our Atlantic colleagues in ensuring common Atlantic Province positions in such key areas as: fiscal arrangements; energy; climate change; trade policy issues; labour market training and skills development; and, health care.

Coordinate the implementation of the Atlantic Action Plan and continue to identify areas where regional cooperation can yield economies of scale and more efficient delivery of services to Nova Scotians and work with Atlantic officials to develop program proposals for Premiers' approval.

Intergovernmental Affairs

Intergovernmental Affairs worked with our Atlantic colleagues and the Council of Atlantic Premiers (CAP) in the development of a Year One Report of *Working Together for Atlantic Canada: An Action Plan for Regional Cooperation*. The Report, which was released on November 22, 2002 in Fredericton, NB, highlighted the achievements of the Action Plan and fulfilled the Premiers' commitment to report regularly through CAP on the status of cooperation initiatives. The Report also included an update on the new initiatives identified for regional cooperation by Premiers in June 2002 (Immigration, Securities and Air Access). The report represented the first substantive reporting to Atlantic Canadians on achievements and progress related to Action Plan commitments. At their June 2002 meeting, Premiers received a six-month progress report on the implementation and an overview of accomplishments to date of the Action Plan.

Working Together for Atlantic Canada was approved by the Council of Atlantic Premiers in November 2001. The Action Plan outlines an agenda aimed at strengthening regional competitiveness and improving the quality and cost-effectiveness of public services to Atlantic Canadians. Measures in the plan address a wide range of issues including: health care, education and skills development, energy, the environment, transportation, research and innovation, and Atlantic procurement. Intergovernmental Affairs, through collaboration with departmental officials, both prompts and tracks the implementation of the Action Plan's initiatives within Nova Scotia.

Provide strategic advice and support to the Premier for and during meetings of the Council of Atlantic Premiers, of the Council of Maritime Premiers, and of the New England Governors and Eastern Canadian Premiers.

Intergovernmental Affairs provided strategic advice and support to the Premier during two meetings of the Council of Atlantic Premiers. Atlantic Premiers focused their discussions during these sessions on a number of national and international issues affecting Atlantic Canada. These included: fiscal arrangements; energy; climate change; trade policy issues; labour market training and skills development; and, health care.

Intergovernmental Affairs also provided strategic advice and support to the Premier during the 27th Annual Conference of New England Governors and Eastern Canadian Premiers. Governors and Premiers passed resolutions on: trade and globalization; agriculture; the anniversary of September 11, 2001 and security and border management between Canada and the United States; the synchronization of energy related regulations in the Northeast; the Northeast International Committee on Energy (NICE); environment; climate change; information technology workforce development efforts; and security and trade between Canada and the United States.

Participate in the Steering Committee on Regional Cooperation (SCRC) which is the intergovernmental coordinating committee that provides executive support to, and negotiates the agenda for, the Council of Maritime Premiers (CMP) and the Council of Atlantic Premiers (CAP).

The Office actively participated in meetings/conference calls of the Steering Committee on Regional

Cooperation (SCRC). Work carried out by this committee included: coordination and participation in the preparation of agendas for Council meetings, the identification of issues of common concern, the preparation of proposals for cooperative action, monitoring and reporting on the progress of projects carried out under the Council, and on behalf of the Premiers between meetings, made decisions respecting grant requests and in-year budget changes.

Provide strategic policy assessments to the Premier and the Executive Council on the role and future directions of the Council of Maritime Premiers and the Council of Atlantic Premiers and other regional economic and policy issues.

The Office, along with Newfoundland Intergovernmental Affairs, led a review of the existing Council of Maritime Premiers' secretariat's functions to ensure that the secretariat can fully support the mandate of the Council of Maritime Premiers while also serving as the secretariat for the Council of Atlantic Premiers.

The Report was presented to Premiers at their meeting in Fredericton in November 2002 and accepted. It provides a clear sense of direction to the CAP Secretariat, which enables it to better fulfill its role as support to Premiers and Atlantic cooperation in general.

Premiers also expressed an interest in proceeding with legislation to formalize the Council of Atlantic Premiers and to have it passed through their respective Legislatures as soon as possible.

Participate in the Coordinating Committee which coordinates all activities of the New England Governors and Eastern Canadian Premiers (NEG/ECP) Conference and meets as required between annual meetings of the principals.

Intergovernmental Affairs participated in the April 24, 2001 meeting of the Coordinating Committee, which determined the agenda for the NEG/ECP Conference later that year.

Identify areas where a united NEG/ECP position towards their respective Federal governments can yield policy and material benefits and work with the regional officials to develop this position for Premiers' and Governors' approval.

At the 27th Annual Conference of New England Governors and Eastern Canadian Premiers in Québec City, August 25-27, 2002, Governors and Premiers approved a resolution that supported measures facilitating the smooth flow of people and goods across the Canada-U.S. border while meeting continental security requirements.

Co-chair with the State of Maine the NEG/ECP Standing Committee on Trade and Globalization directed to examine and make recommendations regarding issues, opportunities and constraints related to transborder trade and globalization relative to the New England and Eastern Canadian

regions.

Intergovernmental Affairs, with the Provincial Trade Representative, participated in conference calls and meetings of the Standing Committee on Trade and Globalization. A work plan for the period 2002-2003, a Resolution mandating the Committee to undertake a number of activities for 2002-03 and a Freight Service and Investment Study prepared by the Northeast Association of State Transportation Officials (NASTO), were approved by Governors and Premiers at their 27th Annual Conference.

Given the November 2002 gubernatorial changes in New England (election of 5 new Governors), Intergovernmental Affairs was instrumental in revitalizing the Committee's Transportation Working Group to complete some very important preparatory work on Resolution 27-1, which mandated the Committee to work on intelligent transportation systems, truck weight harmonization, and regional air service, among other things.

4. Expand Nova Scotia's international linkages to support and promote Nova Scotia's interests abroad.

Ensure that Nova Scotia's interests are fairly considered in the development of solutions to transborder issues.

Intergovernmental Affairs collaborated closely with Agriculture and Fisheries in submitting relevant comments to the US Food and Drug Administration's Bioterrorism Regulations, which could negatively impact on Nova Scotia exports of fresh fish and seafood products to the United States. This combined effort, in consultation with the Nova Scotia seafood industry, recognized and voiced legitimate concerns regarding the effects of the Regulations.

IGA, in co-operation with the Department of Energy, organized a three-day consultation in late March 2003 with officials from DFAIT and Industry Canada and relevant players in the offshore oil and gas industry in Halifax to discuss the effect of import tariffs on the importation of oil rigs and drilling equipment, with a view to a possible moratorium on the application of duties.

The Trade Policy Unit and Office of Protocol within IGA are seeking to co-ordinate a procedure with Nova Scotia Business Inc., the Office of Economic Development and the Federal Government International Trade Centre, whereby visits of foreign dignitaries and diplomats could be optimized in exploring trade and investment opportunities between Nova Scotia companies and target countries.

Support the development of trade and investment and ensure Nova Scotia departments and agencies are kept abreast of international ideas.

Action on this general priority is covered by achievements noted for each of the following more specific priorities listed under this goal.

Manage, with Nova Scotia Business Inc, the participation of the Premier in Team Canada and Team Canada Atlantic Trade Missions.

For the Team Canada Atlantic Trade mission to New York City, in May 2002, prepared the Premier for meetings with the Prime Minister and other Atlantic Premiers on softwood lumber, Canada-U.S. relations and other trade and economic development issues.

Collaborate with Economic Development and Protocol to ensure that the Premier is fully briefed for visits of foreign Ambassadors, High Commissioners and Consuls.

The Office prepared executive summaries and supplied background information on the Federal and international relationship to the Premier when he received the Ambassadors from the following countries: Japan, Mexico and Australia.

Ensure that Nova Scotia policy positions are conveyed, as necessary, to Canadian diplomatic posts abroad, in particular, to the Canadian Embassy in Washington, DC, the Consulate-General in Boston, Massachusetts, and other posts in the United States.

Regular contact was maintained with the Canadian Embassy in Washington DC and the Canadian Consulate-Generals in Boston, Massachusetts and New York City.

Intergovernmental Affairs coordinated a one-day visit of senior officials from two divisions of the Department of Foreign Affairs and International Trade (DFAIT). Discussions dealt with a wide range of international issues and NS departmental representatives provided an insight into Nova Scotia's key international priorities and concerns.

Intergovernmental Affairs also attended the Winter Meeting of the National Governors' Association (NGA) in Washington, D.C, February 2002. This provided a key opportunity to meet the staff members of the five new Governors elected in New England in November 2002. It also provided important policy insights into the difficult fiscal situation confronted by most state governments.

The Nova Scotia Trade Representative attended protracted softwood lumber negotiations in Washington and defended the Nova Scotia position, based on extensive government and industry consultations.

Ensure that Nova Scotia's policy and trade positions are known to the appropriate diplomatic representatives accredited to Canada.

Meetings were held by Intergovernmental Affairs with local honorary consuls to discuss issues of mutual concern.

The Diplomatic Forum, held in Halifax in October 2002, proved a useful and timely venue for advancing Nova's Scotia's trade concerns and aspirations to the appropriate foreign dignitaries. Intergovernmental Affairs collaborated with the Federal Department of Foreign Affairs and International Trade to ensure that the diplomatic representatives of over eighty nations based in Ottawa and senior Federal staff were made aware of Nova Scotia's achievements and concerns in life sciences, biotechnology, environmental rededication and economic development.

Nova Scotia trade officials attended quarterly federal/provincial C-Trade Meetings, at which they defended and advanced provincial interests in an array of relevant trade matters. Moreover, they attended a number of specialized federal/provincial meetings , which required Nova Scotia presence and representation, due to the pertinency of issues.

Several times a week, Nova Scotia trade officials participate in federal/provincial conference calls on a broad range of current trade issues. These teleconferences provide updates and information, as well as opportunities to raise provincial concerns and define provincial positions.

IGA took the initiative in identifying issues where ministerial representations would be appropriate and, as such, prepared the necessary briefing materials, correspondence, presentations, etc., to enable timely and effective interventions.

Provide line departments and agencies with information gathered from foreign governments and from the Federal Department of Foreign Affairs and International Trade (DFAIT), and its posts abroad

Intergovernmental Affairs strengthened its existing relationship with DFAIT's United States Relations Division (NUR) by keeping in regular contact with departmental officials on transborder issues.

IGA trade officials ensure that information received from DFAIT and Canadian posts abroad is disseminated to the relevant departments/crown agencies within the Nova Scotia Government, notably: Agriculture and Fisheries, Natural Resources, Energy, Economic Development, NSBI, Environment & Labour, Transportation & Public Works, and the Nova Scotia Liquor Corp.

Maintain and update the database of Nova Scotia's memoranda of understanding with foreign governments

Intergovernmental Affairs identified an opportunity to amend the *Public Service Act* to ensure Cabinet's role in approving Nova Scotia's memoranda of understanding with foreign governments, and was instrumental in drafting the amendment, which was passed in the spring session of 2003.

Intergovernmental Affairs regularly updated its database with input and cooperation from line departments.

5. Increase awareness and understanding , both within the Nova Scotia government and in other governments, of this Province's position relative to key intergovernmental issues.

Maintain and expand the network of Federal, Provincial and Territorial contacts in Intergovernmental Affairs and other departments so as to exchange information and policy positions.

In addition to maintaining its extensive network with other government departments and agencies Intergovernmental Affairs expanded its contacts in environmental and energy ministries to address such issues as climate change and a continental energy market.

Given the expansion of staff and the reassignment of functions, Intergovernmental Affairs is better equipped to promote and develop a network of federal/provincial/territorial contacts on a broad range of pertinent subjects, which, in turn would have a multiplier effect on the quantity and quality of information available to line departments.

Maintain regular contact with line departments respecting their intergovernmental activity, and keep them abreast of issues involving other governments and Intergovernmental Affairs activities.

Intergovernmental Affairs consolidated its team through the addition of the Trade Policy Unit and Protocol Office and enhanced its technical expertise. Line departments are paired with Intergovernmental Affairs desk officers who access relevant networks at provincial, federal and international levels. Through redesign of the Intergovernmental Affairs team, line departments now have access to, and participate in, corporate activity on international trade matters, and intergovernmental policy on social, economic and legal matters. As a practical example, the Protocol staff and desk officers on the team consult about opportunities to bridge diplomatic visitors to line departments and businesses through which Nova Scotian interests can be advanced at the international level.

Develop communications objectives to better position the Province of Nova Scotia in its communications with other jurisdictions and with key internal audiences.

Communications objectives were defined by Intergovernmental Affairs to better position the Province of Nova Scotia in its communications with other jurisdictions and with key internal audiences

5.0 Financial Results

There were no significant variances between the budgeted net expenditures reported in the business plan and actual results.

	Estimate	Actual
	2002/03	2002/03
Salaries	**635.5**	**669.2**
Travel	120.0	76.5
Professional/Special Services	72.3	28.8
Supplies & Service	57.2	78.3
Other	345.0	378.5
Operating Expenses	**594.5**	**562.1**
Grants	**95.0**	**102.3**
Gross Expenses	**1,325.0**	**1,333.6**
Less:		
Recoveries (other)		(122.1)
Salary recoveries		(11.2)
NET EXPENSES	**1,325.0**	**1,200.3**

6.0 Outcome Measures

6.1 Introduction

Five specific measures have been developed to assess Intergovernmental Affairs' progress in fulfilling its core business functions. While each measure relates to a specific goal or core business area of Intergovernmental Affairs, collectively they serve as qualitative measures of performance within three broad outcome areas:
(i) The development of an enhanced understanding and acceptance in this government and among other governments, of Nova Scotia's priority interests and positions on intergovernmental matters.
(ii) Interdepartmental coordination to ensure a corporate priority-based approach to Federal, Provincial, and Territorial issues.
(iii) Ensuring that intergovernmental negotiations are conducted according to the Province's corporate priorities and on the basis of a thorough knowledge of the issues involved and the interests and positions of other provinces.

It should be noted that it is not always possible to control the outcomes of activities which involve either negotiation or delivery by the line departments of government. Consequently, many of Intergovernmental Affairs activities are thus not quantifiable and speak more to capacity building within the Provincial government than specific outcomes of intergovernmental relations. In order to assess the extent to which this capacity within government has been improved Intergovernmental Affairs has based each of its outcome measures on a survey of its primary client group. This survey of twenty four Nova Scotia departments and agencies was designed to provide:

- an examination of the role and function of the Office within the Nova Scotia government
- an evaluation of the quality of the products and services offered by Intergovernmental Affairs to other departments/agencies
- an assessment of Intergovernmental Affairs's current business direction and,
- a determination of the extent to which Intergovernmental Affairs's organization and business direction are meeting the needs of its clients.
- a better understanding on how Intergovernmental Affairs's services generate value for its clients and were service improvements can be made. This was measured in terms of level of priority and satisfaction that individual department/agency and client segments attached to Intergovernmental Affairs's services. Client segments were defined as high frequency clients, infrequent clients but intense interaction, and infrequent clients.

6.2 Key Performance Measures

Degree of improvement in the level of awareness of Nova Scotia intergovernmental priorities across the provincial government.

One of Intergovernmental Affairs' five core business areas is to *coordinate the overall intergovernmental strategy of the Nova Scotia government to ensure a corporate approach to other governments.* The specific outcome being sought by Intergovernmental Affairs in this core area is a "Greater understanding of corporate positions and priorities relative to intergovernmental issues and negotiations."

What does the measure tell us?

This measure based on a survey of client departments and agencies indicates the percentage of clients whose understanding and awareness of key Provincial intergovernmental priorities and positions had been enhanced by Intergovernmental Affairs's efforts. Measured over successive years it will serve as a means to assess the degree of improvement in the level of awareness of intergovernmental priorities achieved by the Office.

Where are we now?

The second year of survey results indicate that 89% of Intergovernmental Affairs's clients believed that the Office had been successful in communicating Nova Scotia's key positions relative to intergovernmental issues. This represents a marked improvement from 66% recorded in 2001-2002 and surpasses the target of 75% set for 2002-2003.

Where do we want to go/be in the future?

Intergovernmental Affairs is seeking to maintain its existing score (89%) which is substantially higher than the target set for 2002-2003 to ensure that this high level of satisfaction is sustainable. Strategies to maintain this improvement include: continuously improving the monitoring of Federal and other Provincial developments to identify potential support for or conflict with, NS priorities; active participation in interdepartmental and intergovernmental committees to ensure NS interests and concerns are understood and acknowledged ; and, the provision of strategic policy advice to the Premier as he advances Nova Scotia's priority agenda at First Minister's Meetings and other key intergovernmental meetings.

Percentage of client departments recognizing Intergovernmental Affairs's role in ensuring fairness for NS in negotiations.

For its second core business area, *ensuring fairness to Nova Scotia in negotiations with the government of Canada and other governments*, Intergovernmental Affairs has as a desired outcome, success in ensuring that "Nova Scotia positions are reflected in bilateral and multilateral negotiations and agreements reached with the Federal and other governments."

What does the measure tell us?

This measure serves to indicate the level of success achieved by Intergovernmental Affairs in ensuring that the principle of fairness was an important consideration for line agencies and

departments in negotiating agreements and arrangements with other jurisdictions. Achievement is expressed as the percentage of clients acknowledging Intergovernmental Affairs's role in promoting this principle in their intergovernmental negotiations.

Where are we know?
As a base year (2001-2002) measurement, 63% of Intergovernmental Affairs clients indicated that fairness considerations played an important role in intergovernmental negotiations and discussions. In 2002-2003 this measure climbed to 90%.

Where do we want to go/be in the future?
Intergovernmental Affairs sought to improve this score to 80% by the close of the 2002-2003 fiscal year and surpassed the target achieving a 90% score. In the following year it will work to maintain this high level of satisfaction and ensure that it is sustainable. Ongoing and planned action to maintain the current level of satisfaction includes: fully utilizing the opportunities afforded by the Annual Premiers' Conference to ensure our concerns and interests are known and considered in the development of the conference agenda and any subsequent follow-up work; coordinating the development of this Province's intergovernmental and negotiating positions in key areas such as trade, the social union; improving Federal support for post-secondary education, health and economic development; and working closely with Provincial departments engaged in negotiations on key government priorities such as fiscal arrangements, health, security and skills and labour market issues.

Regional alliances and initiatives assisted by Intergovernmental Affairs.
Another of Intergovernmental Affairs' core business areas is *building on regional alliances to promote issues of fairness for Nova Scotians and Atlantic Canadians, and to promote programs and services which benefit all citizens of the region.* The desired outcome that falls within this core business area is "Stronger regional cooperation."

What does the measure tell us?
The level of assistance provided by Intergovernmental Affairs is expressed as the percentage of government departments and agencies indicating that Intergovernmental Affairs had been instrumental in the development or strengthening of regional alliances and programs.
Regional cooperation can not only lead to economies of scale and the more efficient delivery of services to Nova Scotians but also through the advancement of united Atlantic positions towards Ottawa can yield policy and material benefits for this province.

Where are we now?
In 2001-2002, 66% of Intergovernmental Affairs's clients indicated that the Office had been instrumental in building regional alliances. In 2002-2003, this view had increased to 78%, only two percentage points below its target score..

Where do we want to go/be in the future?
For the fiscal year 2003-2004, Intergovernmental Affairs wishes to increase this percentage to 80%, the target set in 2001-2002, and ensure that this high level of satisfaction is sustainable.. Strategies and activities to meet this target include: coordinating implementation of the Atlantic Action Plan and continuing to identify under this plan new areas for consideration by Premiers; identifying areas where a united Atlantic position towards Ottawa would be beneficial; active participation in the Steering Committee for Regional Cooperation and the New England Governors Eastern Canadian Premiers Coordinating Committee; and, serving as co-chair of the NEG/ECP Standing Committee on Trade and Globalization.

The percentage of departments actively assisted by Intergovernmental Affairs in the development of international business and government contacts
Expanding the Province's international linkages to support and promote Nova Scotia's interests abroad is the fourth core business area for the Office of Intergovernmental Affairs The desired outcome for this core area is "Improved international linkages and international business and government contacts."

What does this measure tell us?
This measure respecting the percentage of departments aided by Intergovernmental Affairs in establishing new contacts provides an indication of both the level of effort by Intergovernmental Affairs and of Intergovernmental Affairs's success in facilitating new international government and business contacts.

Where are we now?
In the 2001-2002 fiscal year Intergovernmental Affairs's survey revealed that the Office had successfully assisted 37% of its client agency and departments in expanding their international contacts. In 2002-2003 the Office increased this level to 81%.

Where do we want to go/be in the future?
Intergovernmental Affairs far surpassed the 2002-2003 target of 55% for assisting departments with expanding their international linkages. In 2003-2004 the Office will work to maintain the high level of satisfaction it achieved in the previous year and ensure that it is sustainable. Strategies and action to achieve this improvement include: managing with Nova Scotia Business Inc. the participation of the Premier in Team Canada and Team Canada Atlantic trade missions; providing line departments and agencies with information gathered from foreign governments and from the Federal Department of Foreign Affairs and International Trade respecting both relevant business and government initiatives; and, by ensuring that Nova Scotia's policy and trade positions and interests are known by the appropriate diplomatic representatives accredited to Canada.

Level at which line agency information requirements are being met by Intergovernmental Affairs respecting key intergovernmental contacts, sister agency interests and the positions of other jurisdictions.

Intergovernmental Affairs' fifth core business area is *increasing awareness and understanding both within the Nova Scotia government and in other governments, of the Province's position relative to key intergovernmental issues.* The outcome defined for this goal is "Greater awareness and understanding of Nova Scotian intergovernmental procedures, policies, practices and positions."

What does the measure tell us?

The level at which information requirements are being met is presented as the percentage of line agencies and departments indicating that information supplied by Intergovernmental Affairs on positions adopted by sister agencies and other governments was sufficient for them to effectively represent Nova Scotia's interests in their intergovernmental activities.

Where are we now?

Based on the 2001 survey, 66% of Intergovernmental Affairs's clients indicated that their information requirements were being met. In the 2002 survey, the score improved to 83%.

Where do we want to go/be?

Intergovernmental Affairs targeted a 14% increase in departmental satisfaction with Intergovernmental Affairs's role in this area by 2002-2003. This goal was surpassed with a performance score of 83%. In 2003-2004 the Office will work to maintain this high level of satisfaction and ensure that it is sustainable. Strategies and activities to effect this improvement include: ensuring that the Nova Scotia perspective is considered in the development of Federal policy by working with the Privy Council Office and with other Federal agencies in Ottawa and in the Atlantic region; maintaining and expanding the network of Federal, Provincial and Territorial contacts in Intergovernmental Affairs and other departments; maintaining regular contact with line departments to keep them abreast of developing intergovernmental issues; and developing communications objectives to better position the Province in its communications with other jurisdictions.